Testimony of Secretary of the Interior Gale Norton
Before the House Committee on Resources
On the Arctic Coastal Plain Domestic Energy Security Act of 2003

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Mr. Chairman, Ranking Member Rahall and members of the Committee, I appreciate the opportunity to testify this morning on oil and gas exploration in the 1002 area of the coastal plain of Alaska's North Slope.

As you know, the Administration firmly believes that we can develop energy at home while protecting the environmental values we all hold dear.

With your indulgence I would like to start by breaking a Washington rule. That rule says never credit the rhetoric of the opposing side by repeating it.

I intend to do exactly that. My goal is to show that rhetoric is no substitute for the facts. Please watch this advertisement that ran on national television and is now on the Internet.

Almost nothing in this video is representative of the Coastal Plain of ANWR. We call it the Coastal Plain because it is just that-a plain. There are no trees, there are no deepwater lakes. There are no mountains like those in the video. Outside the area affected by H.R. 39, there are mountains in ANWR-but they are designated as wilderness areas, and no one is remotely considering them for energy production.

Only the polar bear photo could have been taken anywhere on the Coastal Plain.

Now let's take a look at what the Coastal Plain of Alaska actually looks like most of the year, with a video produced by Arctic Power. This is what I saw when I was there the last day of March 2001, with a 75 degree below zero wind chill.

This image of flat, white nothingness is what you would see the majority of the year. In fact there are 56 days of total darkness during the year, and almost nine months of harsh winter.

Rhetoric such as that in the advertisement brings in contributions, sways with emotionalism, and rarely bothers with all the facts.

The differences are stark in these two presentations. I intend this morning to take you through the proposed legislation and to discuss some of the conclusions in the recent study by the National Academy of Sciences. I intend to uncover the facts for you as clearly and as graphically as time and the Committee's audio-visual technology permit.

WHERE IS ANWR?

The State of Alaska is too often portrayed on maps as an inset along with Hawaii-and it is rarely portrayed to scale. This is the size of Alaska if it were superimposed on the lower 48 states. As you look at the enormity of the state, keep in mind that almost 140 million acres in Alaska are already protected in established conservation areas. This is an area larger than the states of California and New York put together.

The Arctic National Wildlife Refuge is located at the frozen Northern end of the state on the Beaufort Sea. The 19.5 million acre refuge includes 8 million acres that is congressionally designated wilderness. In 1980, in section 1002 of the Alaska National Interest Lands Conservation Act, President Carter and the Congress set aside 1.5 million acres of the coastal plain for potential exploration and development: the 1002 area.

They did so because of initial indications of the area's energy potential. That potential has since been reinforced by additional study. Only the 1002 area is under consideration for resource development in any proposals before the Congress.

HOW MUCH OIL ARE WE REALLY TALKING ABOUT

A constant refrain by those opposed to oil development is that ANWR contains only a "short-term speculative supply of oil".

The Coastal Plain is this nation's single greatest onshore prospect for future oil. The USGS estimates that it contains a mean expected value of 10.4 billion barrels of technically recoverable oil with a 95% probability of 5.7 billion barrels and a 5% probability of 16 billion barrels.

Let me put that into context for you. The potential daily production from the 1002 area alone is larger than the current daily onshore oil production of any lower 48 state. Once again, the estimated daily production from ANWR would exceed what is now being produced in any individual State, including Texas and Louisiana.

In 1968, Prudhoe Bay was estimated to hold 9 billion barrels of oil. Today, its production level is at 13 billion barrels and it is still producing. If we look at the mean calculations of 10.4 billion barrels of oil, ANWR would supply every drop of petroleum for the entire state of Arkansas for 144 years, Missouri for 71 years or South Dakota for 479 years.

We have now heard for more than 15 years that it isn't worth developing on the Coastal Plain because it would take ten years to get the oil to market. If we had begun exploration and development when the Congress first proposed it, Coastal Plain oil would be in the TAPS pipeline today.

This country is heavily reliant on oil from the North Slope. We have already produced far more than half of the oil available at Prudhoe Bay. As a result, North Slope oil production is declining.
Our imports and consumption however are going up. In the early 1990s, our oil imports surpassed our domestic oil production, and the gap is now widening.

In addition, in some cases, our foreign sources of oil are becoming more and more unstable. Oil from the 1002 area could substantially reduce our dependence on those sources. Last December, strikers nearly shut down Venezuela's oil industry, drastically reducing the production of Venezuelan oil and its delivery to external markets.
In the last several years, Venezuela ranked consistently as one of the four top sources of U.S. oil imports. In 2002, Venezuelan exports to the United States averaged around 1.5 million barrels a day. This is about what we could see from the 1002 area. Venezuelan exports are still recovering from the strike. It could be months before that country resumes pumping at its earlier levels.

Our reliance on foreign oil has impacts on the lives of American families, farmers and workers-as the current gasoline price increase shows. As long as we have planes, trains and automobiles powered by oil and gas, we will need a homegrown, stable, reliable source of supply.

In addition to its resource potential, oil from the 1002 Area could be a new source of needed federal revenues. The Administration's FY 2004 budget proposes to dedicate the Federal share of the first lease sale bonus bids, estimated to be $1.2 billion, to the Department of Energy to fund increased renewable energy technology research and development over seven years. The Administration's proposal provides for a 50/50 split of future coastal plain revenues between the state of Alaska and the Federal Treasury, and does not include H.R. 39's revenue sharing provisions.

Now let me turn to some of the fears about the environmental impacts of development in ANWR.

USING FACTS TO ADDRESS FEARS

There are those who raise concerns that one need merely look at the Prudhoe Bay oilfields to see what will happen to ANWR's Coastal Plain. The National Academy of Sciences report issued last week, plus H.R. 39's provisions, can actually help us look into the future. H.R. 39 includes language that would require the Department of the Interior to develop the most stringently regulated oil and gas leasing program in the United States. The Administration views tough regulation as an essential part of the ANWR proposal.

Because ANWR's reserves are so concentrated, we can require exploration technologies that would not be viable anywhere else. We will test American ingenuity and technology to develop ways to meet these strict standards and remain competitive.

There is much concern that opening the Coastal Plain will mean a proliferation of roads and off-road seismic trails directly affecting the tundra, altering animal habitat and behavior, and increasing access for hunters and tourists.

The legislation before you however, specifically prohibits development of that kind of infrastructure.
For example, older 2-D seismic on the Coastal Plain has been cited as a main impact to the tundra. This photograph, which was in the New York Times yesterday, was taken one year after seismic testing in 1984. Today trails are still visible from the air. NAS points out the effects of older seismic tests are mainly visual and remain in only a small percentage of the disturbed areas. We have learned much from the seismic work done in the 1980s about how to protect the tundra from this kind of damage. As the New York Times reported, newer 3-D seismic methods have much less impact on the tundra than the older 2-D seismic tests.

Current practices now replace gravel roads with ice roads as a means of access to isolated drilling locations.

This slide shows an exploration drill site developed using new technology. There is little evidence of seismic trails, ice roads or ice pads-once the snow cover is gone.

The use of low ground-pressure vehicles called Rolligons addresses potential problems associated with exploration drilling in areas with limited freshwater supply or shortened ice road seasons.

The development of new Arctic Drilling Platforms could reduce or eliminate altogether the need for ice roads or ice pads. This is especially useful in areas with limited freshwater supply. These elevated platforms, are often referred to as Lego pads because of their similarity to the toys that can be stacked in place.

The bill you are considering today requires the application of the best commercially available technology for oil and gas exploration, development, and production. New technology offers ways of developing and producing oil without the web of roads now found on the North Slope.

The greater reach of horizontal wells and the use of multilateral drilling both reduce the need for large pads. In 1970, the average drill site was 65 acres. It covered a subsurface area of about 3 square miles. Today, a drill pad at the Alpine field is only 13 acres. It allows companies to reach more than 50 square miles of subsurface.

New technology allows extraction of oil from larger areas, reducing the number of pads needed to develop an oil field. Because the fields use more effective drilling and fewer wells, waste, mud, and cuttings are less. Because fuel consumption is lower, there are fewer emissions.

One group, in its campaign against opening ANWR, states "Spillage from 20 years of oil extraction has substantially degraded habitat on the North Slope."

However, the National Academy of Sciences (NAS) found that despite widespread concern about spills, most spills have been small and have had only local effects. Large magnitude spills have generally been avoided on the North Slope because of the system of monitoring and check valves in all pipelines.

In fact, the NAS found that, to date, the effects of contaminant spills have not accumulated on North Slope vegetation.

Almost every group opposed to ANWR development cites concerns about air quality on the North Slope. However, the NAS report found local air quality does not appear to have been seriously degraded by emissions from oil and gas production facilities. In fact, Arctic haze is the most conspicuous air quality problem on the North Slope. Research confirms that arctic haze is a common phenomenon in polar climates and results from distant emissions in temperate zones rather than local emissions.

We often see pictures of polar bears in appeals for funds to save the Arctic Refuge. One organization begins its plea with a statement that development "could force polar bears to abandon their maternity dens,

which they dig in the snowdrifts, and leave their cubs to die." This comes from a 1985 report of one polar bear leaving its den as a result of older seismic activity.

In fact, North Slope development, which is far more intense than any potential Coastal Plain development, has had no devastating effect on polar bears. Polar bears have thrived since 1967. The NAS report found there have been no known cases where polar bears have been affected by oil spilled as a result of North Slope industrial activities. NAS sums up its polar bear discussion by stating there is evidence to support a finding that there have been no serious effects or accumulation of effects on polar bears.

A number of environmental groups express concern about the well-being of the muskoxen. The animals once were exterminated throughout most of Alaska and have been reintroduced on the North Slope. They are found at low densities, mostly in riparian areas. Their populations are now expanding into other habitats. To date, there have been no cumulative impacts on muskoxen from oil activities.
The U.S. Geological Survey report entitled "Arctic Refuge Coastal Plain Terrestrial Wildlife Research Summaries" suggests a solution: "Avoidance by industry of areas used by muskoxen and the location of permanent facilities away from river corridors, flood plains, and adjacent uplands could reduce the probability of disturbance and displacement of muskoxen."
For all activities in the 1002 area, H.R. 39 requires the following:
" Avoidance, to the extent practicable, of springs, streams and river systems; the protection of natural surface drainage patterns, wetlands, and riparian habitats" as well as "consolidate, site, construct, and maintain facilities and pipelines to minimize effects on sensitive fish and wildlife habitats and species."
By now I am sure every member of this Committee knows there are caribou on the Coastal Plain. There are those who have tried to convince you they will be irreparably harmed if we have any development on the Coastal Plain. Before I turn to a discussion of actual effects on caribou, I'd like you to remember the environmental standard in the bill before us:

Section 3 of H.R. 39 requires the Secretary to ensure "that oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife their habitat, subsistence resources, and the environment . . ." This standard is reiterated numerous times throughout H.R. 39.

The Central Arctic Herd is the caribou herd in the North Slope whose range includes the Prudhoe oilfields. Their numbers have increased from 5,000 in 1977, at the beginning of oil development, to 27,000 in 2000. Alaska Fish and Game has published the most recent census showing the population is now more than 31,000.

Many groups express concern about impacts on the Porcupine Caribou Herd's calving grounds. We have all heard though, that the Porcupine Caribou Herd (PCH) is different from the Central Arctic Herd.
It's important to keep in mind where the greatest potential for oil development is on the Coastal Plain. USGS scientists predict that 83% of the oil potential is on the far western side of the 1002 Area.

This is also the area least likely to see high concentrations of calving. In fact, a U.S. Geological Survey study found that under the most realistic scenario for developing the 1002 Area there would be a 95% chance of having no impact on calf survival.

Finally, it is also important to remember there are years where the Porcupine caribou herd does not use ANWR's Coastal Plain at all for calving. In fact, in 2000, 2001, and 2002 that was the case.

JOBS FOR AMERICA

Increased domestic oil production means increased jobs for Americans. The innovations in Arctic frontier technology continue to create jobs. Organizations that represent many of the workers of this nation have pointed out that by tapping into petroleum resources in Alaska, we can create jobs and benefit our economy by lessening our dependence on foreign oil. Although estimates of job creation vary, it is safe to say a large number of new jobs for Americans will directly and indirectly result from the exploration, development and production on the Coastal Plain.
CLOSING
The Coastal Plain is the single greatest prospect for onshore oil and gas development of anyplace in the United States.

To equal the potential of from 5.7 billion to 16 billion barrels of oil, we would have to explore and develop all

potential fields in Regions 2, 3 and 4 on this map, nearly half the area of the contiguous states.

Neither this Administration nor the Interior Department arbitrarily picked the Coastal Plain for development. I repeat, the Coastal Plain is the single greatest prospect for development onshore in our Nation. Legislators back in 1980 realized that fact when they created the 1002 area.

Legislators today are looking at an ANWR bill that includes the strongest environmental protections ever required in an oil and gas leasing regime. We have all learned from the past. We now see the most environmentally protective development in the world at the newest sites on the North Slope. We will improve on that record.

As we consider the environmental factors affecting the Congressional choice about ANWR, one might ask what environmental protections are used in other countries on which we rely for 57 percent of our oil?

The legislation doesn't ask developers to use new technology; the proposal demands the best available commercial technology. This chart shows how drill pads have shrunk since Prudhoe Bay was developed. Development today would have to start with the smallest.

H.R. 39 doesn't just ask that equipment be removed and the land be restored. It demands that whatever is taken in must be taken out, and the land must be restored to support its previous use for wildlife, or subsistence.

The problems identified by the NAS report were problems mainly related to lands regulated by the State of Alaska and subject to Alaskan law. Both NPR-A and any future ANWR development would be governed by federal statute and federal enforcement.

H.R. 39 doesn't ask that wildlife be protected. It demands that developers protect wildlife or we will shut them down. If exploration interferes with migration or calving, we will shut it down.

It took courage back in 1973 for a Democratic majority Congress to cast a vote in favor of building a pipeline in Alaska. At that time, the debate was similar in character to the ANWR debate taking place today.

But the Senate put national energy security ahead of every thing else and in a 50-50 vote-with the Vice President breaking the tie-the historic pipeline was approved.

Sen. Walter Mondale said at the time, "It has always been my position that we need Alaskan oil and that this oil should flow to the lower 48 as soon as possible, consistent with environmental safeguards and the greatest benefit for the entire country."

That pipeline has carried as much as 2 million barrels a day from Prudhoe Bay. For twenty years it has provided as much as 20 percent of our domestic production.

That is a 20-20 vision we need to repeat,---"consistent with environmental safeguards."

Partisanship should once again be put aside for energy security.

I ask the Committee and the entire Congress to please examine the facts as the National Academy of Sciences did, and discount the rhetoric or partisanship. This decision is too important to the energy security of our country.